

S P E E C H

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OF

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MR. CALEB B. SMITH, OF INDIANA,

1808 - 1919

ON

THE SUB-TREASURY BILL.

DELIVERED IN

THE HOUSE OF REPRESENTATIVES OF THE U. STATES, MARCH 30, 1846.

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## S P E E C H .

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The Sub-treasury Bill being under consideration in Committee of the Whole House on the state of the Union—

Mr. CALEB B. SMITH, of Indiana, addressed the committee as follows:

Mr. CHAIRMAN: Being desirous of presenting my views in relation to this measure, I am admonished by the past action of the House of the necessity of embracing the earliest opportunity for that purpose. The frequent and relentless manner in which that potent legislative gag, the *previous question*, is used by the majority in this Hall, for the purpose of stifling discussion and carrying through party measures, furnishes ample evidence that freedom of debate will not be tolerated in relation to this measure. The Democratic party here, for the purpose of showing that they can act harmoniously upon at least one question, will unite their votes in favor of this bill, and pass it with but little debate or delay. During the last Congress, the same measure was carried through the House by a strict party vote; while the minority, manacled and gagged by the previous question, were prevented from expressing the reasons of their opposition.

In desiring to discuss this question, I am not influenced by the vain expectation that any thing which I may say can affect the vote about to be given. But although the ear of party here may be deaf to all that may be urged against the bill, the country, whose vast interests are to be affected by it, will not be indifferent to the discussion.

The financial history of this country for the last thirty years furnishes an instructive lesson for the statesman as well as the people. During that period we have passed through many changes, embracing periods of great prosperity, as well as seasons of extraordinary embarrassment and disaster. In discussing a measure which proposes a new and important change in our financial policy, we may with great profit look back upon the past, and derive from history and experience some light to guide our future course. This may be fruitless and unnecessary to him who considers his allegiance to his *party* as paramount to his duty to his country. For him no other guide may be necessary than the beck of a party leader, and no other information desired than that which enables him to discern the *democratic* side of the question. But to those who look to the effect a measure is to produce upon the country, rather than to its influence upon party, a reference to experience may be useful.

I propose, Mr. Chairman, to occupy a portion of the hour allotted to me in calling up some reminiscences of the past connected with our financial history. From the year 1820 until the year 1833, embracing a period of thirteen years, we enjoyed a currency equal in value to gold and silver, and much more convenient. It was convertible into specie at the pleasure of the holder, and supplied every want of the people, connected with circulation and exchange, which a sound currency could supply. With this currency the whole country was satisfied. No dissatisfaction existed, no murmurs or complaints were heard. No desires for a change were expressed, no wishes for a "*better currency*" were entertained. In the fall of the latter year General Jackson, then President of the United States, removed the Government deposits from the United States Bank, which was

the first in that series of “*experiments*” upon the currency, essayed by the Democratic party, which have been so fruitful of mischief and disaster.

This step was taken, not only without the sanction of Congress, but in violation of the expressed wishes and opinions of the people’s representatives. On the 2d March, 1833, the House of Representatives, by a vote of 109 to 46, adopted the following resolution, to wit:

“*Resolved*, That the Government depositories may, in the opinion of this House, be safely continued in the Bank of the United States.”

In a House of Representatives, a majority of which were the political friends of President Jackson, this emphatic declaration was made in favor of retaining the public money in the United States Bank by a vote of almost three in its favor to one against it. And yet, notwithstanding this resolution was so fully sustained by public sentiment that not a dissent among the people was heard, the President, before the next meeting of Congress, of his own will, and upon his own responsibility, removed the public funds from this institution, where they had been placed by law. This act was one of the measures of hostility to the United States Bank, pursued by Gen. Jackson’s administration, which resulted in the overthrow of that institution. The bank, when first assailed by Gen. Jackson, was popular. No institution had ever been more in favor with the great body of the people. It had answered the chief ends of its creation to the entire satisfaction of the country. The great popularity of Gen. Jackson, the hold which he had upon the people, and more especially the blind and heedless servility with which his partizans and followers moulded their opinions and shaped their course to suit his views, enabled him to change the current of popular opinion, from a feeling of ardent attachment to this institution, to one of bitter and violent hatred. Possessing a currency as good as it was possible for the ingenuity of man to devise, the people were yet deluded with the promise of a “*better currency*.” Under the influence of this delusion, an institution which had been universally regarded as an object of pride and admiration with the people, was suddenly converted into a “*monster*.”

The efforts of Gen. Jackson to destroy it were successful. The “*monster was crushed*,” and public attention was to be directed to some other means by which the duties of a fiscal agent to the Government were to be performed, and the country was to be supplied with a currency. A new “*experiment*” in finance was to be tried, from which the people were promised a golden harvest.

This next “*experiment*” was the depositing of the Government funds in the local banks, denominated, in common *parlance*, the “*pet bank system*.” This system was recommended to the especial consideration of Congress and the country by Gen. Jackson, and received the favor and support of his friends. It was carried into operation by an act of Congress in the year 1835. I will not detain the committee to read the high-wrought eulogies which were then pronounced upon the local banks by the democratic party. They may be found in the messages of the then President, General Jackson, in the speeches of President Polk, then Chairman of the Committee of Ways and Means in the House of Representatives, and in the speeches of all the leading members of that party then in Congress. These banks were made the fiscal agents of the Government. They were not only permitted, but were directly instructed by the Secretary of the Treasury, to use the public funds for banking purposes, and to discount freely upon them, in order to grant additional facilities to supply the business wants of the community.

For a time the system seemed to work well. Every thing went on swimmingly. New banks were created—money became plenty. With an increase of the circulating medium, prices advanced. The spirit of speculation became rife throughout the country, until its intoxicating influence was felt in every neighborhood. The people were then told by the leaders of the *democratic* party, in tones of exultation, that they were then in the enjoyment of that "*better currency*," that "*golden harvest*" which was promised them as the fruits of *democratic* policy.

Thus stood matters in 1836, when the banks, encouraged by the Government to extend their circulation, and stimulated by the over-excited condition of the business of the country, had increased their discounts and their circulation to the utmost possible limits. In July of that year, Gen. Jackson issued his Treasury Circular, requiring that payments for the public lands should be received only in gold and silver. This measure was the next in order of the series of "*experiments*" which were adopted by the democratic party with the view of improving the currency. Its effects were most disastrous upon the business and interests of the community. It was grossly unjust and partial in its operation, because it required one class of the creditors of the Government to pay their dues in specie, while others were allowed to pay them in bank paper. An odious discrimination was made against that portion of the people who desired to purchase the public lands, which could be justified upon no principle of justice or policy.

The effect of this measure was to create an immediate and exorbitant demand for specie, and as a necessary consequence to depreciate bank paper. Large amounts of specie were taken from the Atlantic seaboard, and transported west of the mountains, to be used in the purchase of public lands. The demand for specie caused a run upon the banks. They were compelled immediately to curtail their discounts, and to press their debtors in order to obtain means to meet the increasing demands against them. And to render the evil more aggravated, the Government denounced the banks as fraudulent and dishonest; while pot-house politicians and village demagogues took up the strain and joined the cry, until it was carried into every neighborhood throughout the land. The result we all know. Public confidence was unsettled—business of every kind was deranged—property of every species rapidly depreciated—lawyers and sheriffs were enriched by the fees of litigation—bank suspensions followed, while heavy sacrifices and bankruptcy involved the people in almost universal disaster.

Such was the state of affairs which existed shortly after the inauguration of Mr. Van Buren, in the spring of 1837. In order to meet the crisis, an extra session of Congress was convened in the fall of that year. Mr. Van Buren, in his message to Congress; recommended the Sub-treasury scheme (which by the bill now before us it is proposed to revive) as a remedy for the evils then existing. The democratic doctrine of *divorcing* the Government from the banks was then, for the first time, proposed as a *democratic* measure. The intimate union which existed between the Government and the local banks had been effected by Gen. Jackson, and notwithstanding Mr. Van Buren had made it his boast that he aspired to no greater honor than to "*follow in the footsteps of his illustrious predecessor*," his first official recommendation was to *divorce* those whom his predecessor had joined.

But, although the Sub-treasury scheme was then for the first time proposed and urged by the Executive, it was not the first time it was presented for the consideration of Congress. It was once before presented in Congress, and as I desire to present to the Committee a full history of the measure,

I will ask the attention of gentlemen to the proceedings which were then had upon it.

In February, 1835, a bill was pending before the House of Representatives, to regulate the public deposits in certain local banks. Mr. Gordon, a representative from Virginia, presented to the House a Sub-treasury bill, which he offered as a substitute for the deposite bill then pending. In order that the committee may see the similarity between that bill and the one now before us, I will read it from the Journal of the House, now before me:

"SEC. 1. Be it enacted, &c. That from and after the      day of      , in the year      , the collectors of the public revenues, at places where the sums collected shall not exceed the sum of      dollars per annum, shall be the agents of the Treasurer to keep and disburse the same, and be subject to such rules and regulations, and give such bond and security as he shall prescribe, for the faithful execution of their office, and shall receive, in addition to the compensation now allowed by law,      per centum on the sums disbursed, so that it does not exceed the sum of      dollars per annum.

"SEC. 2. And be it further enacted, That at all places where the amount of public revenue collected shall exceed the sum of      dollars per annum, there shall be appointed by the President, with the advice and consent of the Senate, receivers of the public revenue, to be agents of the Treasurer, who shall give such bond and security to keep and disburse the public revenue, and be subject to such rules and regulations as the Treasurer shall prescribe, and shall receive for their services      per centum per annum on the sums disbursed, provided it does not exceed the sum of      dollars per annum.

"SEC. 3. And be it further enacted, That from and after the      day of      , the whole revenue of the United States, derived from customs, lands, or other sources, shall be paid in the current coins of the United States."

Here, then, is the veritable Sub-treasury bill, containing all the features and principles of the bill now before us. The *divorce* of the Government from banks, the receivers general, the demanding of the revenue in gold and silver, and the locking it up in safes and vaults, were here all provided for. It was presented, too, to a *Democratic* House of Representatives, under the Administration of Gen. Jackson. How was it then received? Was it then regarded as a *Democratic* measure? Let the vote as it stands recorded in the Journal answer. On the motion to substitute this Subtreasury bill for the deposite bank bill, the vote was—yeas, 33; nays, 161. By this overwhelming majority was the Subtreasury bill then voted down in a Democratic Congress, and utterly repudiated. Among those who were then members of the House of Representatives, and who voted against this bill, I find upon the Journal the names of numerous distinguished Democrats. I would advise those gentlemen who regard the support of the Sub-treasury as a test of Democracy, to examine the list of those who voted against this bill. The Sub-treasury was not then as *Democratic* as it is now. In the list of nays, I find the names of James K. Polk, now President of the United States; John Y. Mason, now a member of Mr. Polk's cabinet; James J. McKay, now a member of this House, and chairman of the committee from which emanated the bill now before us; Mr. Hannegan, now a member of the Senate from my own State; Mr. Speight, now a member of the Senate from Mississippi, with many others, all good Democrats, and now ardent supporters of the Sub-treasury. But Mr. Polk, not satisfied with voting against the Sub-treasury at that time, in his zeal to secure its defeat, made a speech against it, in which he used some able and convincing arguments to show the impropriety of adopting it. The friends of the President, who are about to vote for this measure, would do well, before giving the vote, to recur to the speech of Mr. Polk upon that occasion. But lest gentlemen should be unwilling to do this, I will call their attention specially to some passages in that speech, in which they will find what was then regarded as Democratic opinions in relation to the Sub-treasury, but which do

not very well comport with the present opinions of the *Democratic party*. The hostility to banks, now so common with the Democratic party, did not then exist. Mr. Polk, in the speech to which I have referred, said:

"I have thus briefly considered the two principal points of objection—the alleged unsafety of the State banks as public depositories, and their incompetency to perform all the duties required of them as fiscal agents of Government. As regards the first, it has been my object to show, from well attested facts, that they are as safe as any other description of agency could be. That occasional losses, during their employment for a long period of time, may be possible, is not contradicted; but should these occur, (as is not anticipated,) it should be remembered that such losses are incident to all credit, and is not likely to be greater, nor, indeed, under the many guards contained in this bill for the public security, so great as that which might reasonably be expected from the employment of any other description of agents."

Again, in the same speech, Mr. Polk said:

"A corporation may be safer than any individual agent, however responsible he may be, because it consists of an association of individuals who have thrown together their aggregate wealth, and who are bound in their corporate character, to the extent of their whole capital stock, for the deposite. In addition to this, the Secretary of the Treasury may require as heavy collateral security, in addition to their capital paid in, from such a corporation, as he could from an individual collector or receiver, which makes the Government depositories safer in the hands of a bank than it could be with an individual." \* \* \* \* \*

"It may be well questioned whether the heaviest security which the most wealthy individual could give, could make the public deposite safe at the point of large collection. In the city of New York, half the revenue is collected. Several millions of public revenue may be in the hands of a receiver at one time, and if he be corrupt, or shall engage in speculation or trade, and meet with a reverse of fortune, the loss sustained by Government would be inevitable." \*

"As, then, between the responsibility of a public receiver and bank corporations, as banks do exist, and are likely to exist, under State authorities, the latter, upon the ground of safety to the public, are to be preferred."

Mr. Polk was peculiarly hostile to the principle in this bill, which requires the public revenue to be withdrawn from circulation and the use of the community, and hoarded up in vaults and strong boxes. Upon this subject he used this language:

"Whilst the deposite is in a bank, the bank may use it, keeping itself at the same time ready to pay when demanded, and it is not withdrawn from the general circulation, as so much money hoarded and withdrawn from the use of the community.

"If in the hands of receivers, they must either hoard it, by keeping it locked up in a strong box, or use it at their own risk in private speculation or trade; or they must, for their own security, and on their own responsibility, place it at last on deposite in banks for safe-keeping, until they are called on by the Government for it."

These opinions so recently entertained and expressed by Mr. Polk, would now be denounced by *democrats* as *federal, bank, whig opinions*, so completely has democracy changed its ground upon this question. Yet they were then the opinions of the democratic party, deliberately expressed by all the leaders and sanctioned by all the members of the party.

We heard no more of the Sub-treasury from that period until after the election of Mr. Van Buren, when, as I have before stated, it was recommended to Congress by him, at the extra session, convened in the fall after his inauguration. It was pressed upon Congress with all the weight and

influence which his authority could attach to it; and yet, notwithstanding the House of Representatives contained a majority of his friends, it could not be carried through. Mr. Van Buren, not deterred by this rebuke, again urged it upon Congress and the country; and vainly imagining that a free people could be induced to imitate the example of arbitrary and despotic governments, he took great pains and incurred a large expense in collecting testimony to prove that the Sub-treasury scheme had been adopted in many of the most despotic governments in Europe. The evidence collected by him proved conclusively, that where the least liberty was enjoyed by the people, there the Sub-treasury was most in favor with the Government, and where the currency approximated most nearly to an exclusive metallic currency, there the wages of labor were lowest and the people were most oppressed. Again and again was it pressed upon the American Congress during Mr. Van Buren's term, and again and again was it indignantly spurned and rejected. Once, after a long discussion of months, it was carried through the Senate, but scarcely had it reached the table of the House of Representatives, until it was rejected, and that too by a Democratic House.

But Mr. Van Buren had staked his political character upon this measure, and notwithstanding the strong and repeated demonstrations of public sentiment against it, he determined to make the public sentiment and the Legislative department yield to the Executive, as was remarked by one of his adherents upon this floor, "*in spite of lamentations here or elsewhere.*" To accomplish this object, every means within the power of the Executive were resorted to. The patronage of the Government was lavishly bestowed to silence objections and secure tacit acquiescence, where open commendation could not be procured. Threats and promises, coercion and favor were liberally used, until at length, in the last year of Mr. Van Buren's administration, it was carried through Congress by a meagre majority, and received his signature on the 4th July, 1840. It was immediately hailed by the leaders of the party "as a second declaration of independence;" and some of the more zealous, in the excess of their joy, or perhaps to commend themselves to Mr. Van Buren for an office, gravely proposed that the pen with which it was signed should be handed down to posterity, preserved in a gold case.

But party drill and party discipline were unavailing to induce the people to sanction the measure. The good sense and judgment of the country revolted against it. The seal of public reprobation was indignantly stamped upon Mr. Van Buren and his Sub-treasury. He was driven from power by an unprecedented majority, and a Congress was elected expressly instructed to repeal it. One of the first duties performed by that Congress was its repeal, and it was consigned to the grave "*unwept, unhonored, and unsung.*"

I have shown, Mr. Chairman, that the Sub-treasury scheme, when it was first proposed, was violently opposed and denounced by the leaders of the democratic party. I have read some extracts from Mr. Polk's speech showing his opposition to it. I will now read some of the opinions of another distinguished member of the party, no less a personage than the "*organ*" of the present administration, commonly denominated "*Father Ritchie.*" Mr. Ritchie not only opposed it when it was presented by Mr. Gordon in 1835, but continued his opposition after Mr. Van Buren had adopted it as the leading measure of his administration. He was then the editor of the Richmond Enquirer, the leading democratic paper of Virginia, and in the columns of that paper expressed himself thus in relation to the Sub-treasury:

"The scheme is wicked, because it can only be said to be a wanton experiment to discredit the present State banks, and would essentially aid Mr. Biddle and his bank in breaking them down."

"Let it once get foot-hold, and all the restraints of the Constitution will be broken down, with the liberties of the people."

"Mr. Gouge's plan of Sub-treasuries for the United States, and the reduction of the currency to gold and silver, I view as little short of a system of public pillage; and which, if carried into effect, must necessarily produce a general bankrupt law, to emancipate debtors from the bondage of iron hearted creditors."

There seems to have been something prophetic in this prediction of Mr. Ritchie, that the principles of the Sub-treasury, if carried out, would "necessarily produce a general bankrupt law." Such was the universal embarrassment produced in the country by the Democratic experiments upon the currency, including the Sub-treasury, that a general bankrupt law became indispensable and was adopted.

But let us see some more of Mr. Ritchie's opinions of this scheme. At another time he said—

"The institution and establishment of Sub-treasuries, at all the necessary and commercial points in the United States, would cost the Government several millions of dollars. Strong houses, with vaults, chests, bars, bolts, and locks, would be necessary; with a regular corps of watchmen, and an additional set of officers. To blind the public, the scheme might be commenced with very few new officers, but they would soon be increased to any number actually necessary."

"We do not hesitate to say, that the Sub-treasuries are less safe for keeping, and less convenient for transmitting, the public funds, than sound and properly regulated State Banks.

"We have objected to the Sub-treasury system, so called, that, in the 1st place, it will enlarge the Executive power, already too great for a Republic. 2ndly. That it contributes to endanger the safety of the public funds; and 3dly, that it is calculated to produce two currencies—a baser one for the people, and a better one for the Government.

"The more we reflect upon the matter, the more we read the speeches of the orators on both sides, the more firmly are we satisfied of the strength of these objections. We think the State Bank system the better in all respects; it prevents the multiplication of Executive offices, and limits their control over the public funds.

"We opposed the Sub-treasury system, so denominated, in 1834; we maintain the same ground in 1837."

A more emphatic condemnation of this measure could not be expressed, than that which was pronounced by the man who is the mouth-piece of the party now about to adopt it as the law of the land. But "*Father Ritchie*" don't seemed as much alarmed about the Subtreasury now as he did then, at least he does not now warn the country of the evils to be apprehended from it in notes as long and loud as those which he sounded through the columns of the Richmond Enquirer. The "*Organ*" has changed its tune, and does not play the same kind of music that it did formerly. I do not believe that the venerable editor of the Union has changed his opinions, however much he may have altered his course in relation to it. I think he still entertains no better opinions of the Sub-treasury than those which I have read from his paper. I do not believe that he has ever advocated it in the columns of the Union; at least, no article in its favor in that paper has met

my observation. But it is not difficult to account for the old man's silence. He has been elected printer of both Houses of Congress by the Democratic party, from which he will realize a profit of over one hundred thousand dollars; and he would hardly dare to hazard the loss of the favour and friendship of those to whom he is indebted for so great a favor, by expressing opinions which will run counter to the dictation of his party.

But, Mr. Chairman, I must detain the Committee while I read two short extracts, to show the opinions of another distinguished democrat in relation to this *democratic* measure. I will read two short editorial articles from the "Globe," the "organ" of the administration of Gen. Jackson and Mr. Van Buren, written by Francis P. Blair, the special and devoted friend of both. These articles express the views which Mr. Blair entertained of the Sub-treasury when it was first proposed, before it had been made a party question, and when his mind was free to act uninfluenced by party trammels. He then spoke of it in this language—

"It is as palpable as the sun, that the effect of the (Sub-treasury) scheme would be to bring the public treasury much nearer, the actual custody and control of the President than it is now, and expose it to be plundered by a hundred hands where one cannot now reach it."

Again he said—

"Had such a suggestion come from General Jackson, it would have been rung through the Old Dominion, as conclusive proof of all the aspirations which may have been charged to the hero of New Orleans. See here, (they would say,) he wishes to put the public moneys directly into the hands of his friends and partisans, instead of keeping it on deposit in banks, whence it can be drawn for no other than public purposes without certain detection. In such a case we should feel that the people had just cause for alarm, and ought to give their watchful attention to such an effort to enlarge Executive power, and put in his hands the means of corruption."

I might consume all the time allotted to me in reading extracts which prove that this measure, when first proposed, was denounced almost universally by the Democratic party, notwithstanding the unanimity with which they now sustain it, but I will consume no further time upon this point. It is well known to every man who is familiar with the political history of the country for the last fifteen years. Since the repeal of the Sub-treasury, in 1841, it has but seldom been made the subject of discussion or remark. The Baltimore Convention, which nominated Mr. Polk as the *Democratic* candidate for President, but hinted at it in vague and indefinite terms. One of the prominent causes which induced the repudiation of Mr. Van Buren by that convention was the odium which attached to him, among the people, in consequence of his connection with it. During the canvass of 1844, so far as my observation extended, it was never presented as one of the issues to be determined by that contest. Those who had been so signally defeated upon that issue in 1840 manifested no disposition to present the issue a second time. But now that Mr. Polk is elected, it is claimed that the people have decided in favor of the Sub-treasury, and it must be immediately carried into effect in obedience to their will. I cannot give my consent to the measure upon any such grounds. I do not believe that the people have decided in favor of the measure, or that they desire its adoption.

Mr. Chairman, our present condition in relation to the currency is one with which we have reason to be highly gratified. After all the changes and vicissitudes through which we have passed for the last fifteen years, we find ourselves in the enjoyment of a currency of equal value with gold and

silver, and which answers all the purposes and wants both of the Government and the people. We have that kind of a currency which the experience of the civilized world has demonstrated is alone adequate to the necessities of a highly civilized and commercial people—a mixed currency, consisting of the precious metals, and bank paper convertible into specie at the pleasure of the holder. Exchanges between the different parts of the Union are moderate, and our whole financial affairs are in a prosperous and healthy condition.

In addition to this, the general business of the country is in a state of high prosperity. Our agricultural products find a ready market and fair remunerating prices; labor is in active and steady demand; every branch of industry and enterprise is profitably employed, and the country is rapidly recovering from the depression and embarrassment occasioned by the great revulsion from which we have so severely suffered.

Why is it, sir, I would inquire, that this prosperous state of affairs exists? Why is it that we have a sound currency, and the country is no longer tortured and alarmed with the evils of depreciated bank paper, suspensions of specie payments, and all the evils which flow from financial derangements? Sir, it is because you have for some years past abandoned, or rather been prevented from pursuing, your miserable system of experimenting and tinkering with the currency. The trade and business of the country having been freed from the officious meddling of the Government, aided by the salutary influence of the Tariff of 1842, has recovered a healthy tone, and brought prosperity in its train. The banks, no longer oppressed and harassed by specie circulars, Sub-treasuries, and direct efforts of the Government to prostrate them, have been able to supply the people with a sound currency, and contribute important facilities for the transaction of business. In addition to all this, the public funds are safe. We hear of no losses to the Government—no defalcations—no absconding of *subtreasurers* with the people's money—no running off of Swartwouts, Prices, or Boyds, laden with public plunder. The people and the Government both are well accommodated.

And yet, in this condition of things, in the midst of a prosperity which seems general, while the existing state of things bids fair to render it permanent, we are called upon to return to the old system of tinkering with the currency, to the repetition of experiments which have already been fruitful of nothing but misfortune and disaster. We are asked to revive an exploded humbug which has been once tried and most signally condemned and repudiated by the people. Does not sound policy require that we should forbear, and "*let well enough alone?*" We cannot improve things by experiments, while we may render them a great deal worse.

For whose benefit is this bill to be passed? *Cui bono?* Will the Government be benefitted by it? The public funds were never safer than they are now. The Secretary of the Treasury may command any amount of security from the banks with which they are deposited, and thus guard against even the possibility of a loss. It cannot be pretended that they will be safer in the hands of receivers or Sub-treasurers than they now are. I have shown, from the testimony of Mr. Polk and other distinguished Democrats, that they will not be as safe; and, in the emphatic language of Mr. Blair, (to whom the Democracy of the country have for many years looked for instruction,) they will be "*exposed to be plundered by a hundred hands, where one cannot now reach them.*" This measure is not required then as a means of safety to the public treasury. Is it required to enable the Gov-

ernment to command payment of its revenues in a better currency than that in which they are now received? No better currency than that in which the Government dues are paid can be had. The creditors of the Government, to whom its revenues are disbursed, when they do not receive the money due to them in specie, receive it in a currency equally valuable, and which they can at pleasure convert into specie. It is clear, then, that no benefit can accrue to the Government from the passage of this bill. It is equally clear, that none can result to the people from its passage. It is demanded by neither public or private interest. No possible benefit can result from it.

But, sir, if we could flatter ourselves with the hope that it would *only* do no good, our objections to its passage would be less urgent. We might be content to let the humbug go out, dressed up in the gaudy tinsel with which party madness has invested it, to bring ultimate contempt and derision on its authors. But we can indulge in no such hope. We know that it will not only do no good, but that it will do great and positive injury. I will detain the committee to enumerate a few of the injuries which, in my judgment must result from it. The two important provisions of the bill are, that the public money, instead of being deposited in banks, in accordance with the practice of the Government ever since its organization, shall be kept in the hands of individuals to be appointed by the President; and, secondly, that the entire revenues of the Government shall be collected and disbursed in gold and silver. I will not dwell here upon the danger of loss to the public money which must result from this system. I have already referred to it, and adduced the highest *Democratic* evidence to show that such danger will be great. Indeed, I entertain no doubt that experience will demonstrate it to be as great as has been anticipated by any one of the opponents of the measure. The expense to the Government of collecting and disbursing its revenue will be largely, enormously increased by this system. Under the present system, if the Government desires to transfer one hundred thousand, or a half million of dollars, from New York to Cincinnati, it is simply and conveniently done by a draft transmitted through the mail, without trouble and without expense. Under the system proposed, if the same amount is to be transferred, it can only be done by transporting the specie across the Allegany mountains, at great risk of its loss and at enormous expense. Wherever a disbursing officer of the Government goes to pay out the public money, he must be followed by wagons and teams laden with specie. Specie will be required to be transported from the Mississippi across the mountains to the Atlantic, and then to be transported back again. Hordes of officers will be required to guard and protect it from robbery in its transit. But who will protect it from them? Who will watch the Sub-treasurers while it is in their custody, and protect the Government against their frauds?

It is, however, in reference to its effects upon the business and general interests of the community, that its greatest evils are to be apprehended. The bare announcement of its passage will occasion distrust and unsettle confidence. Its chilling influence will be felt in every department of business, even before it goes practically into operation. The receipts of the Government amount to an average of more than half a million of dollars a week throughout the whole year. The demand for this amount of specie every week, to pay Government dues, must give to it an extraordinary value, and occasion it to be sought for with unusual eagerness. Bank paper will of course immediately depreciate, until there will be a wide difference be-

tween it and specie. As a necessary consequence, every dollar issued by the banks will be caught up and returned upon them for their specie. Their vaults will be drained. The necessity of self-preservation will require them to curtail their circulation and their discounts; and, in order to meet the continual demands of the Government upon them, they will be compelled to demand and urge payment from their debtors.

And when this state of affairs shall be brought about, and the banks are compelled, by the operations of the Government, to limit their issues and collect their debts, we shall hear the miserable slang of demagogues, so frequently used to excite prejudices against these institutions, that they are "*putting on the screws*," to raise a panic. "*Putting on the screws*," indeed! What else can the banks do? If they continue to issue their paper and accommodate their customers as heretofore, the demand for specie to pay Government dues will take every dollar of coin from their vaults and leave them bankrupt. To meet the extraordinary demand for specie which this measure must create, and at the same time do justice to the holders of their bills, they will be compelled to curtail their circulation and call upon their debtors for the means to meet their liabilities.

But the evil consequences will not stop with the banks. If they alone were to be the sufferers, the evil might be endured. The revenues of the Government, under our present system of collecting and disbursing, are not withdrawn from the circulation of the country and hoarded up in vaults and strong boxes. Even while it belongs to the Government, and is liable to be drawn for as the necessities of the Treasury Department may require, it enters into, and forms a part of, the general circulation, and thus adds important aid and facilities to the transaction of business. This bill proposes to change the order of things. The public money, instead of being suffered to continue in circulation, is to be withdrawn and locked up. A moderate estimate will show that the average amount which will be in the hands of the Government officers will not be less than ten millions of dollars. Ten millions of dollars, then, in specie, is to be suddenly abstracted from the circulation of the country, and as effectually withdrawn from the use and aid of trade and commerce as though it were sunk in the ocean. The entire amount of specie in the United States is estimated not to exceed from eighty to eighty-five millions of dollars. One-tenth, then, of the whole specie of the country is to be withdrawn from circulation, and the people are to be deprived of its use by this bill.

It needs not the spirit of prophecy to enable us to foresee the results. The abstraction of so large an amount of the circulating medium of the country must be immediately felt in every branch of business, and in every part of the country. A rapid depreciation of the value of every species of property must follow; the wages of labour must be depressed. Thousands of industrious artizans and laborers must be thrown out of employment; a general derangement of business will ensue, with a repetition of the painful and harrowing scenes which occurred between 1837 and 1840, and which are yet fresh in the recollection of us all.

I know, Mr. Chairman, there is a class of politicians in this country who indulge the visionary hope of driving from circulation our paper currency, and reducing the country to an exclusive metallic currency. They vainly imagine that the condition of the country will be improved, when we have no circulating medium but what they are pleased to term the "*constitutional currency*." Those who entertain this opinion are consistent, at least, in supporting the Sub-treasury. It presents the means best calculated of all

others to effect the object they have in view. If once carried out, and rigidly adhered to, it will destroy the banks and reduce the country to the specie standard. We have reason to complain, too, that while this will be the effect of the measure, and while it is in truth the real object of those who are striving to fasten it upon us, they have not the manliness or the boldness to come out openly and tell the people that that is their object. Let them once boldly avow the real object of the bill, let them tell the people that they intend to break down the banks, and have no currency but gold and silver, and my word for it, the Sub-treasury question will soon be settled, finally and forever.

But they hope to accomplish indirectly what they shrink from openly avowing. By drawing the specie from the banks to pay Government dues, they will compel them to curtail their circulation, and as soon as they do this, and in consequence of it money becomes scarce, complaints of hard times will be heard; people will be unable to sell their property or pay their debts; demagogues will denounce the banks, and charge that they have made money scarce for the purpose of producing a *panic*. And when the banks, sinking beneath the efforts of the Government to destroy them, and the effects of popular prejudice fanned and excited by demagogues, are compelled to wind up their business, or suspend specie payments, the people will be told that they have been saved from the frauds of rotten banks and worthless shinplasters by the disinterested efforts of *pure democracy*. This is the game of miserable tricksters which has heretofore been played, and which will be again attempted. The Sub-treasury is the chief instrument by which it is hoped to accomplish it.

But, Mr. Chairman, I do not believe, however much the people may for a time be deluded and deceived, that the hard money system can ever be carried out in this country. It is unsuited to the spirit and genius of our institutions. It is unsuited to the energy and enterprise of the people. It is fit only for a despotic government, where the people are ruled as slaves, and are compelled to toil for the benefit of a pampered aristocracy; and it is only in such governments, where there is neither credit nor enterprise, and where the wages of labor are reduced to the lowest point at which they will enable the degraded laborer to support life, that it now exists. And shall we imitate the example of such governments as these, and adopt a system which will degrade our own free population to the level of their suffering and starving people? The amount of specie in the country is wholly inadequate to the transaction of the vast amount of its business. The idea that a metallic currency alone can supply all the wants and necessities of the people, connected with a circulating medium, is chimerical and visionary. It is an idea entertained only by visionary theorists and speculative politicians, who know nothing practically of the business of the country. The idea is utterly repudiated by all business men, who are practically acquainted with the business necessities of the community. If by one blow the entire paper circulation could be stricken out of existence, it would inflict an injury beyond the powers of calculation to estimate. Property would be depreciated to less than a third of its present value. The wages of labour would be reduced in a still greater proportion, and a scene of suffering, privation, and misery would ensue, which would beggar description. If the same result should be attained by a slow and gradual process, although the shock would be less severe, the evil would be equally great. To adopt such a system now would be to retrograde, instead of advancing in the march of civilization; it would be relapsing at once into the barbarism of the middle

ages. The most profitable part of our capital, and to which we are indebted more than anything else for our prosperity, is *credit* and *enterprise*. It is the capital of *credit* and *enterprise* which enables the poor to compete with the rich; it is this which removes the immense disadvantages under which the mechanic or trader, without money, labors, and enables him to move along in the path of successful competition with the man of wealth. Render this capital unavailing, and you strike from him every source of wealth. Deprive him of its benefits, and you render him a slave to the man of wealth. It is, in fact, placing the business and resources of the country entirely at the disposal of the few wealthy, who can control its capital.

And yet, Mr. Chairman, this is advocated in the name of *democracy*. It is urged upon the country as a *democratic* measure. Democracy has been made a mantle to cover many enormities, but surely it was never used to cover one greater than this.

One of the greatest evils resulting from the action of the dominant party has been produced by their continual hostility to the business and industry of the country. For fifteen years the enterprise and industry of the country has been trammelled and crippled by the hostility of the Government. Under the pretext of opposition to *aristocracy* *monopolies* and *privileged classes*; mere phantoms existing only in the distempered imaginations of political charlatans, a continued warfare has been kept up against the industrial pursuits of the people. A few years ago the dividends declared by the banks were paraded before the country for the purpose of showing that they were making too much money. All pure democrats were invoked to lend their aid to destroy them, in order to prevent them from making such large profits. The sensitive nerves of *democracy* were afterwards excited by the profitable operations of the mercantile community. The hue and cry was forthwith raised against the merchants, and every effort made to excite public odium against them. More latterly, the *democratic party* in their keen search for *monopolies* and *privileged classes*, have directed their attention to the manufacturers, and have made the *alarming* discovery that they are making money. What business have the manufacturers to make money? Why don't they run their mills and expend their capital without any profit? But they are making money, and that must be stopped. These dividends which they are declaring must cease. True, they are buying the agricultural products of the farmers, and paying them very handsome prices for them, while they are selling their goods so low that the people make no complaint, and seem to be remarkably well satisfied with the condition of things. But the manufacturers are making money, and therefore they must be denounced as *monopolists* and *privileged classes*, and their business must be destroyed. To effect this very important *democratic* object, it is proposed to repeal the tariff, and allow British manufacturers to fill our markets with their goods, which they will sell to our people at prices as high as those which are charged by our own manufacturers. By this operation the profits now made by American manufacturers, will be transferred to British manufacturers. I cannot see how the people are to be benefitted, but still I suppose it will be *democratic*.

It is this continued hostility of the Government to the different industrial pursuits of the people, which keeps the country in a continual ferment and produces such frequent revulsions. The people, for whose benefit it is pretended this clamor about *monopolies* is raised, are the greatest sufferers. By a course of legislation which is pretended to be for their benefit, the very sources of their prosperity are cut off. Can any man be so dull as to suppose

that the merchants and manufacturers can be crushed and their business destroyed, without injury resulting to the farmers and mechanics? The idea is preposterous. Every blow which is struck by the Government, at the leading business interests of the community, is felt throughout all the ramifications of society. Their ruin must necessarily involve the ruin of every other class of the people. Their interest is identical, and they must prosper or suffer together. In the great revulsion through which we have so recently passed, and which I have attempted to show was brought about by the improper interference of the Government with the business concerns of the people, no class of the people suffered more severely, or incurred greater sacrifices, than the farmers. Thousands were reduced from affluence to poverty, and their farms were sacrificed under the sheriff's hammer.

It appears to me, Mr. Chairman, from the indications we see, that we have ample reason to fear an early recurrence of this distressing condition of things. The Sub-treasury bill will do much towards bringing it about. But when we add to this that other great *democratic measure*, which will soon be brought before us, a reduction of the Tariff, the result seems inevitable. The Sub-treasury will create an extraordinary demand for specie, and greatly diminish the bank circulation. It will destroy confidence and paralyze the enterprise of the country. The principles of free trade, as proposed to be carried out by a reduction of the Tariff, will induce excessive importations of foreign goods. A balance of trade against us will necessarily follow. This must occasion the exportation of specie, and when we reach that point, we shall have reached a crisis to be followed by a train of consequences, disastrous and ruinous to the whole country.

I should be happy, sir, if it were in my power to aid in arresting the passage of this bill. But I know that the efforts of the minority here are powerless. The majority have determined that it shall pass. Cruel, wanton, and wicked as it is, it will pass by the unanimous vote of the *democracy*. Failing to unite in the support of any other measure, they have determined to unite in the support of this, to show the country, that if they can unite in the support of no measure calculated to benefit the people, they can unite in supporting one designed to inflict upon them the most serious injury—one which will bear indubitable evidence of the deadly hatred of democracy to the business men and business interests of the country.

This Congress has already done more injury to the country, by the fears and alarms and agitations which it has excited, than years of wise legislation would repair. The eyes of the people are now directed to the Capitol in anxious enquiry, not in hope, to ascertain what next is to be done to improve their condition, but in fear and dread, to see what mischief is next to be perpetrated. Their strongest wish is that we should adjourn and let them alone. But I have no hopes of an adjournment before the work of mischief is complete. And when it shall be complete, and this Congress shall adjourn, this twenty-ninth Congress will have earned for itself the reputation of having done less good, and inflicted more evil upon the country, than any Congress which has convened under the Constitution.